

Message Text

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PAGE 01 SANTIA 06436 222112Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 EUR-08 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-01

SIL-01 H-01 L-02 PA-01 PRS-01 USIA-06 /079 W

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R 222036Z OCT 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 786

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

AMEMBASSY QUITO

AMEMBASSY RIO DE JANEIRO

AMEMBASSY BONN

LIMITED OFFICIAL USE SANTIAGO 6436

EO 11652: N/A

TAGS: EINV, EFIN, CI

SUBJECT: CHILE MAY OPEN DOORS TO FOREIGN BANKS

REF: SANTIAGO 6384

1. SUMMARY: FOREIGN BANKS MAY BE ALLOWED TO ESTABLISH FULL RANGE OF BANKING SERVICES IN CHILE. END SUMMARY.

2. USUALLY RELIABLE SOURCE HAS INFORMED EMBASSY THAT IN RECENT MEETING OF GOC'S ECONOMIC COMMITTEE DECISION WAS TAKEN TO ALLOW FOREIGN BANKS TO ESTABLISH BRANCHES HERE WHICH COULD ENGAGE IN A COMPLETE RANGE OF BANKING ACTIVITIES.

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PAGE 02 SANTIA 06436 222112Z

THIS REVERSAL OF PREVIOUS POLICY, SOURCE SAID, WAS ACHIEVED

WHEN THOSE SUPPORTING RETURN OF FOREIGN BANKS SHOWED THAT SUCH BANKS ARE CURRENTLY OPERATING IN ALL OTHER ANDEAN PACT COUNTRIES.

3. SOURCE PREDICED THAT REQUISITE DECREE-LAW ON FOREIGN BANKS WOULD BE PUBLISHED "BEFORE END OF OCTOBER." FOREIGN BANKS WOULD NOT BE INCORPORATED IN CHILE, BUT WOULD BE RECOGNIZED BY GOC AS HAVING JURIDICAL STANDING. ONLY RESTRICTIONS ON SIZE AND SCOPE OF BANKS OPERATIONS, SOURCE SAID, WOULD BE LIMIT ON TIME DEPOSITS THAT FOREIGN BANKS COULD HAVE AS PERCENTAGE SUCH DEPOSITS IN ENTIRE CHILEAN SYSTEM AND SOME KIND OF CAPITAL/ASSETS RATIO REQUIREMENT.

4. SOURCE CLAIMS FIRST NATIONAL CITY BANK OF NEW YORK AND BANK OF AMERICA, BOTH OF WHICH OPERATED IN CHILE PREVIOUSLY, ARE INTERESTED IN RETURNING. A WEST GERMAN BANK IS EXPECTED TO BE THE FIRST ARRIVAL.
POPPER

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Message Attributes

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Disposition Action: RELEASED
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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